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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Petition for Expedited Rulemaking to)
Effect Tandem Competition and Tandem)
Regulation With the Introduction of New)
Transport Rate Structures)

To: The Commission

STATEMENT OF
AMERICA'S CARRIERS TELECOMMUNICATIONS ASSOCIATION
IN SUPPORT OF PETITION FOR EXPEDITED RULEMAKING OF
WILTEL, INC.

On June 11, 1992, WilTel, Inc. ("WilTel") filed a petition for expedited rulemaking requesting that the Commission address issues relevant to the Commission's Notice of Proposed Rulemaking in the Transport Rate Structure proceeding.¹ America's Carriers Telecommunications Association ("ACTA"), by its attorney, hereby submits its statement in support. ACTA is a trade association which represents the interests of interexchange carriers ("IXCs") and non-facilities based long distance resale carriers. The Commission's proposed rate structure for common transport rates will have a serious impact on ACTA's members, and ACTA supports WilTel's proposals.

ACTA has decided to submit this statement out of its growing concern that Commission staff believes it has all the information necessary to rule in the Transport Rate Structure proceeding. ACTA, along with most of the rest of the competitive industry, does

¹ See Order and Further Notice of Proposed Rulemaking, CC Docket No. 91-213, 6 FCC Rcd 5341 (1991).

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not agree with such an assessment, either in general or with respect to the important issues raised in WilTel's petition. WilTel's petition raises serious issues not even alluded to much less addressed in that proceeding. The petition makes clear, for example, that in deciding common transport issues, the Commission must address the underlying causes of what could result in possible price discrimination to the detriment of smaller interexchange carriers.

For these reasons, ACTA endorses WilTel's petition and its specific requests - that the Commission foster common transport competition; that, to this end, the Commission should require the local exchange carriers ("LECs") to send the same carrier identification signalling to IXCs and third parties that the LECs send to their own tandems; and that the Commission mandate the unencumbered resale of the LECs' dedicated facilities by IXCs or other third parties. Market competition will encourage LECs to keep common transport prices in line with dedicated prices, and thus avoid price discrimination between common and dedicated transport. ACTA also strongly supports WilTel's proposal that the Commission adopt rules to ensure that LEC tandems are deployed so as to maximize the efficiency of interstate access aggregation. This regulatory scheme is necessary if the proposed partitioned rate structure is under serious consideration.

WilTel's proposals encourage both the kind of competition and regulation necessary to allow smaller interexchange carriers to continue to operate. While strongly supporting the notion of common transport competition, ACTA will limit its comments to WilTel's second proposal, namely, that if IXCs must pay for access

based on tandem deployment, then the IXCs should, through Commission proceedings, be allowed a say in how those tandems are deployed. Deployment decisions made by the LECs without concern for traffic concentration would result in the prohibitive common transport prices described by WilTel. A rulemaking is necessary to gather facts on this aspect of WilTel's proposal.

A rulemaking would allow interexchange carriers such as the members of ACTA to gather and provide the Commission with data concerning the effects of LEC tandem deployment decisions under the partitioned rate structure currently contemplated. This is because rates for common transport service under a partitioned rate structure would depend on the extent to which LEC tandems concentrate interstate access traffic. This in turn depends upon how many tandems serve a given number of end users, where they are deployed and which end offices are selected by the LECs to subtend the tandems.

At present, LECs do not deploy their tandems to maximize traffic aggregation for interstate access. Rather, they are deployed with intrastate considerations in mind. ACTA notes that, to date, WilTel only offers data on the deployment practices of Ameritech, which shared its end office specific data concerning access minutes and access cost under both the equal charge rule and the proposed partitioned rate structure. Other RBOCs consider this information proprietary so that the data is not generally available for analysis. That being the case, a rulemaking would be required to ferret out the intent and effects of deployment practices.

A multitude of factors have an impact on traffic concentration. When a LATA contains more than one tandem, traffic

concentration is diluted, and the effects of that dilution under a partitioned rate structure require study. Also, not all access tandems are located in the centers of cities where the largest population of access lines may be served. A review of access tandem deployment and concentration on a nation-wide basis would show the overall effects on interexchange carriers of current methods of deployment.

Data is also necessary on the possible effects of a partitioned rate structure on interexchange carriers. If an IXC's access costs rise, the smaller carriers would not be able to continue to provide service to rural and suburban areas. For competitive reasons, the smaller IXCs would not be able to pass the increased access costs along to customers reached through low concentration tandems. Market entry would be exceedingly difficult because new competitors would face the obstacle of immediately achieving the high traffic levels necessary to pay for dedicated transport. As a result, those IXCs now offering lower priced long distance service would not be able to continue to provide the same benefits to consumers.

CONCLUSION

ACTA requests that the Commission take into account all information necessary for a complete evaluation of the common transport issues. No analysis would be complete without consideration of common transport competition and tandem deployment. In order to guard against the anti-competitive effects of smaller interexchange carriers dropping from the market when faced with prohibitive access costs, America's Carriers

Telecommunications Association respectfully requests that the Commission grant the Petition for Expedited Rulemaking of WilTel, Inc.

Respectfully submitted,

AMERICA'S CARRIERS
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Dated: July 2, 1992

CERTIFICATE OF SERVICE

I, Phyllis Daniels, hereby certify that on this 2nd day of July 1992, copies of the foregoing "Statement of America's Carriers Telecommunications Association in Support of Petition for Expedited Rulemaking of WilTel, Inc." were served by mail, postage prepaid, or by hand, on the following:

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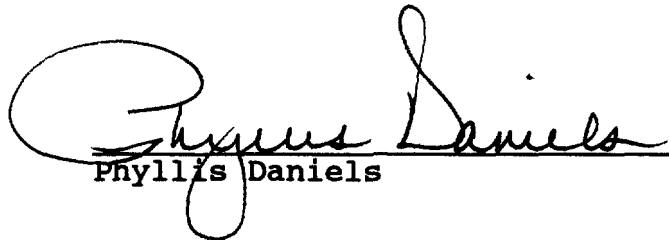
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